

# IPSWICH WATER & WASTEWATER DEPARTMENT

Water Rate Increase & Residential Seasonal Rate Adjustments  
Wastewater Rate Increase

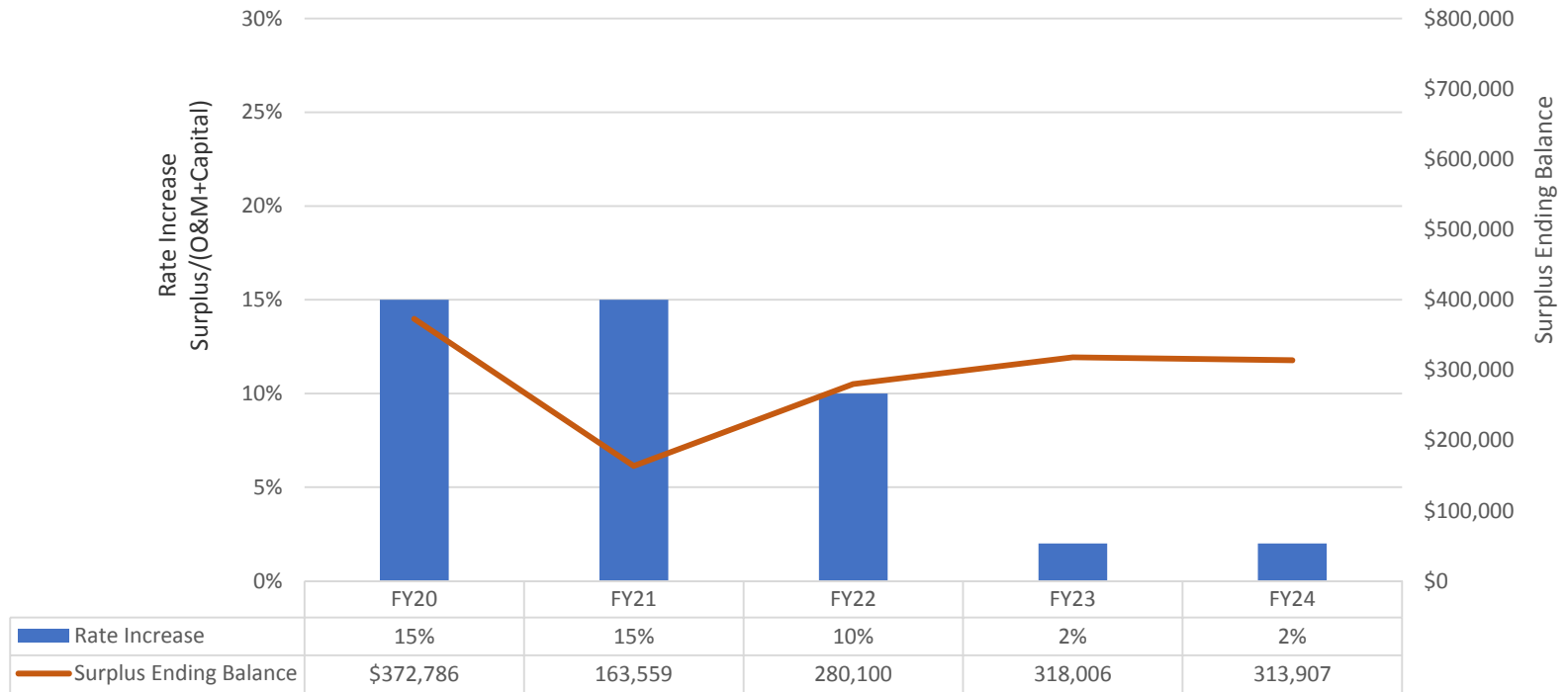
March 4<sup>th</sup> & April 1<sup>st</sup>  
2019

# WATER RATE INCREASE

- Proposed rate increase: 15%
  - Current revenue funds 92% O&M + Debt Service, not Capital
- Rate of \$8.66 increases to \$9.96 per 100 cubic feet of water
  - Effective May 1, 2019
- Typical family of 4 will pay \$10 more per month
- FY20 budget increases 11%
- Capital spending > \$300,000 for next 2 years
  - Lynch Well
  - SCADA Communications
  - WTP Generator
  - Asset Management Plan
- Debt service expected to increase significantly in future
  - New municipal well; other supply expansion/upgrades
  - Water Main Replacements
- Support budget and stabilize surplus into future

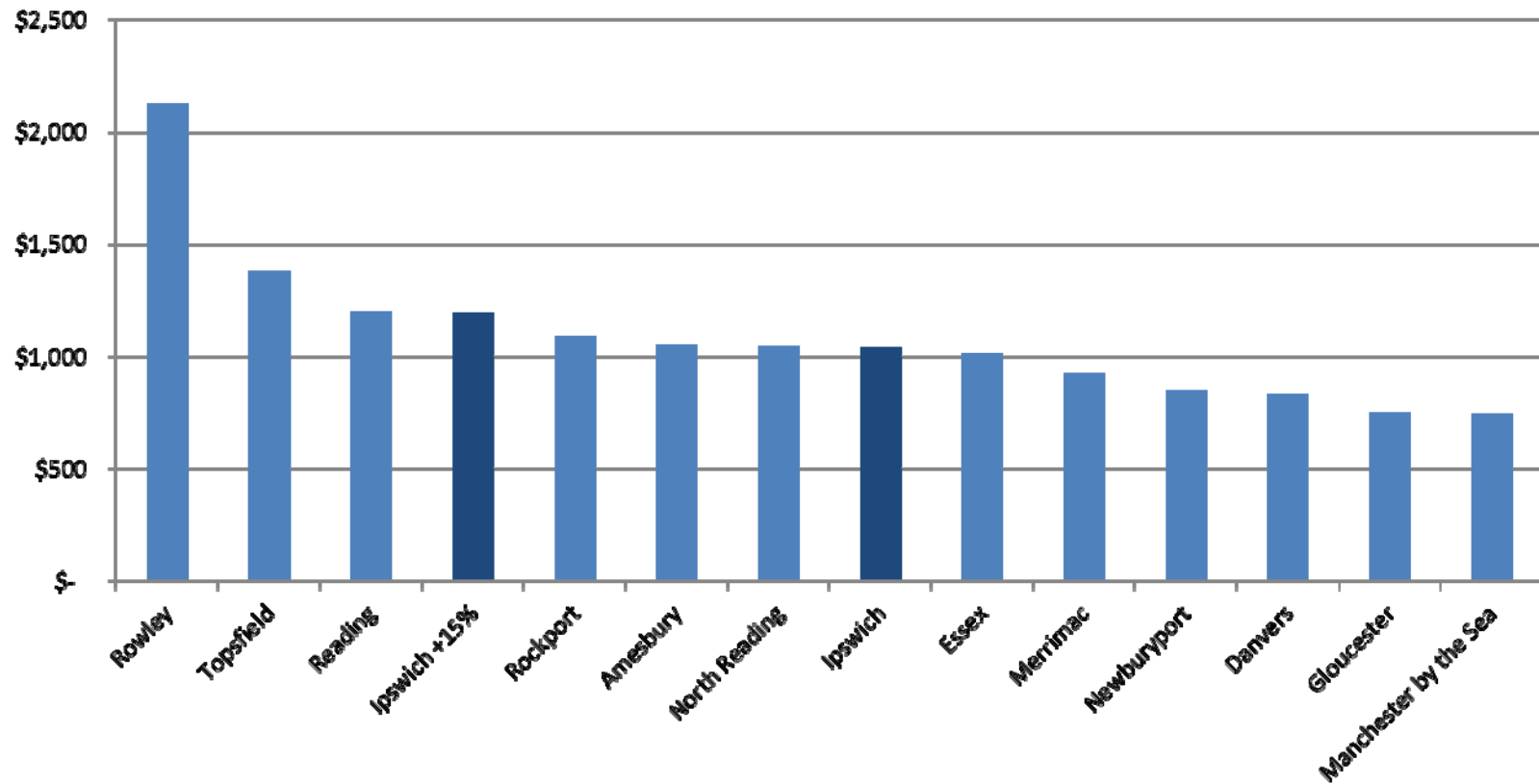
# FUTURE RATE INCREASES

## WATER



**\*Assumes \$11.9MM debt service borrowed FY21-FY23**

# WATER RATE COMPARISON

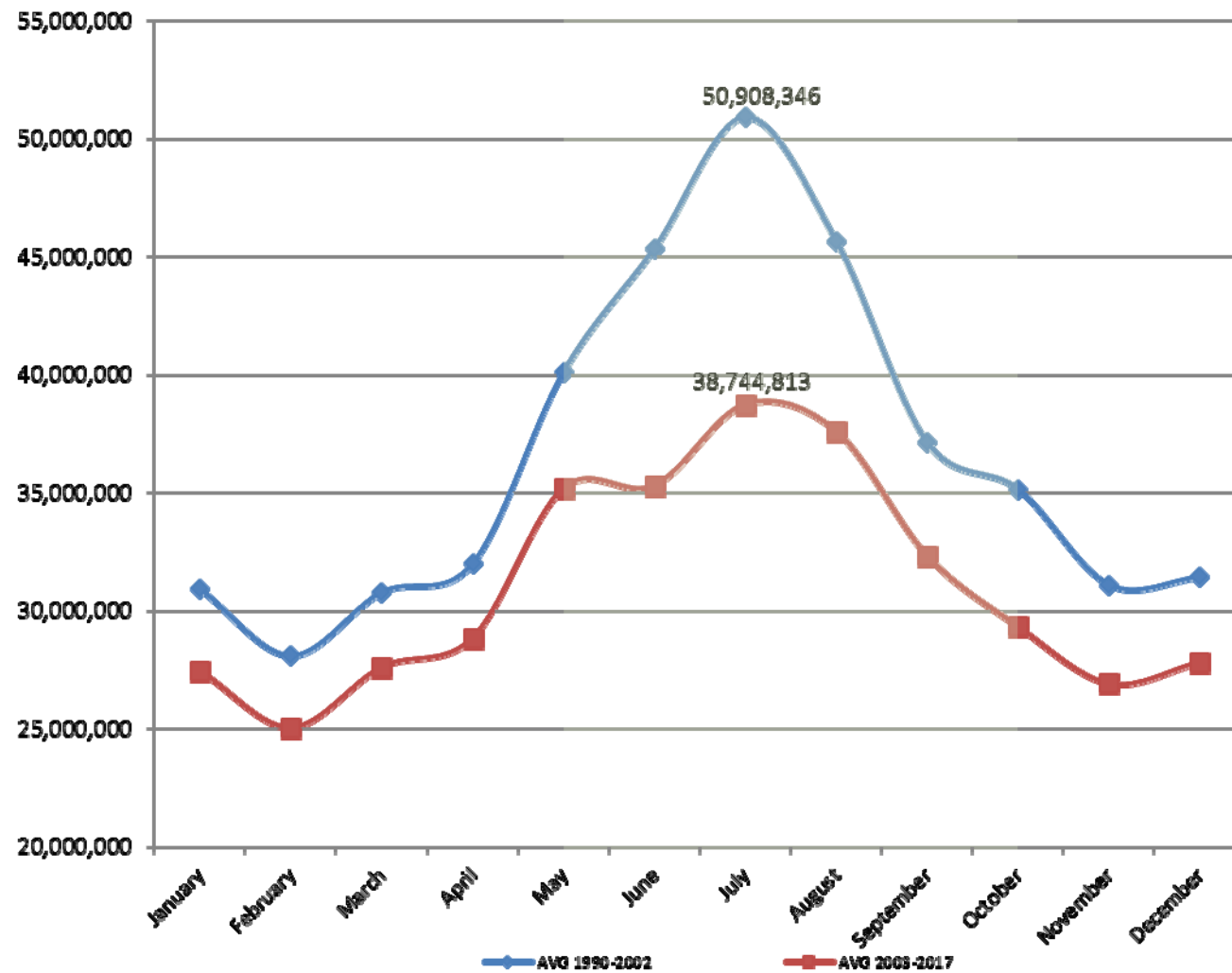


Based on 12,000 cubic feet annual usage

# WATER RESIDENTIAL SEASONAL RATE ADJUSTMENT

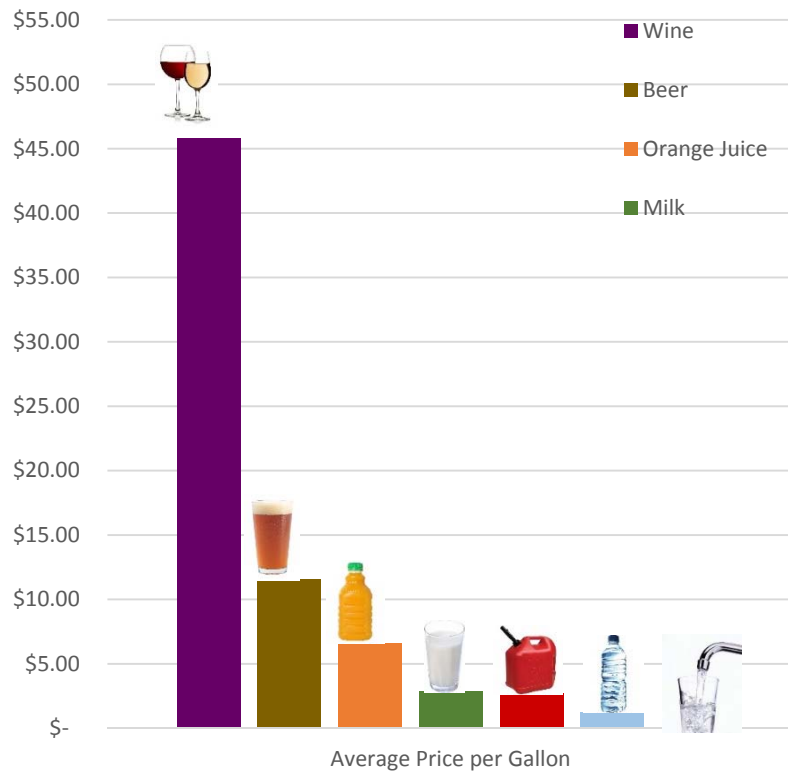
- **Program Goal:** Manage summer water consumption - Reduce summer peak created by residential customers
- 2016 drought highlighted importance of seasonal demand management
- Residential summer rate =  $1.5 \times \text{Base Rate}$ ; May – September
- Adjust Water Residential Winter Rate of \$5.09 per 100 cubic feet to a Residential Summer Rate of \$14.94 per 100 cubic feet.
- Residential Summer Rate effective May 1, 2019 through September 30, 2019.

# PROGRAM SUCCESS



Average Annual Pumping Reduction with Seasonal Rate is 15%  
Average Peak Month Reduction with Seasonal Rate 24%

# COST OF WATER VS. AVERAGE RETAIL PRICES FOR CONSUMER PRODUCTS



Price Data from U.S. Bureau of Labor Statistics, November 2018 (Wine, Orange Juice, Beer, Milk, Gasoline) and <https://www.businessinsider.com/bottled-water-costs-2000x-more-than-tap-2013-7> (Bottled Water)

Product	Average Price per Gallon
Wine	\$45.77
Beer	\$11.57
Orange Juice	\$6.60
Milk	\$2.88
Gasoline	\$2.67
Bottled Water	\$1.22
Ipswich Tap Water	\$0.01

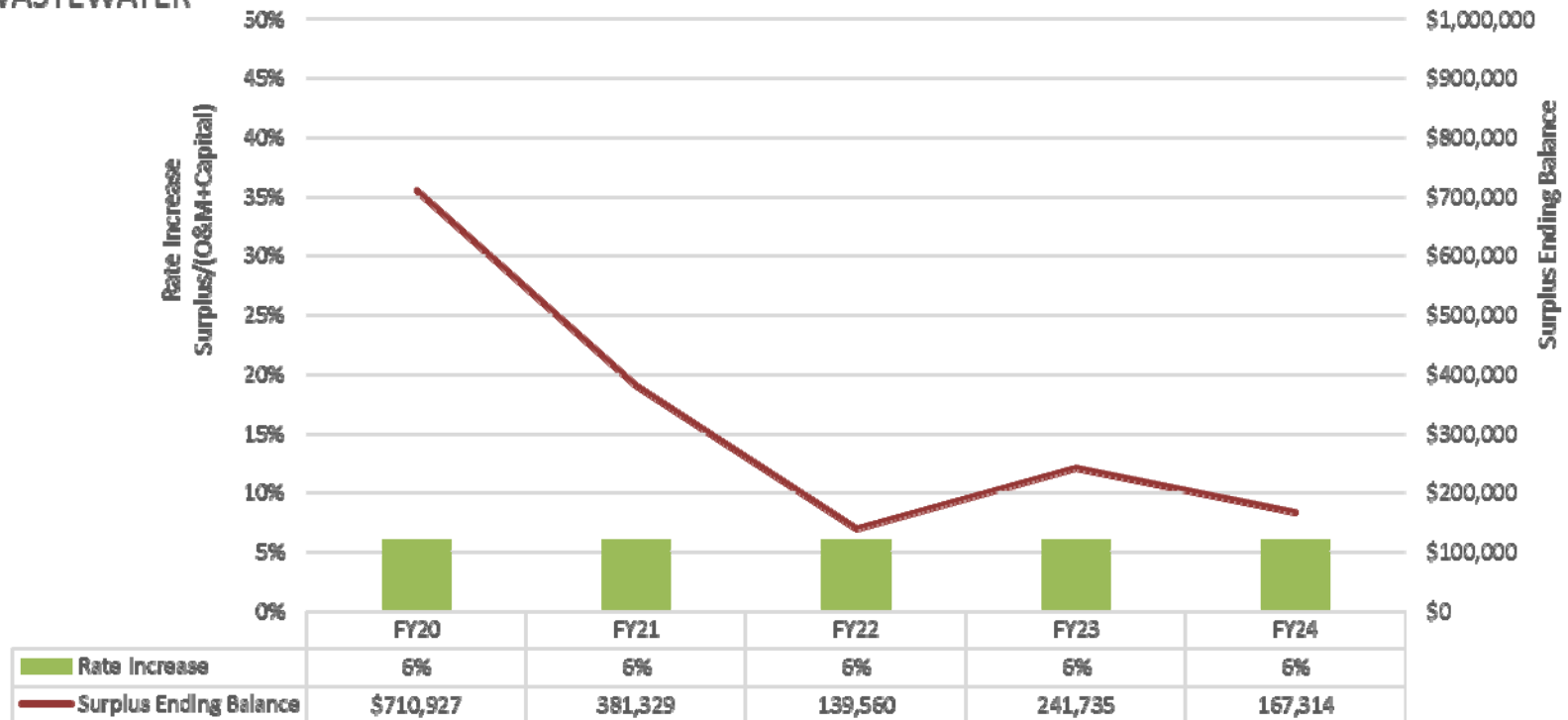
# WASTEWATER RATE INCREASE

- Proposed rate increase: 6%
  - Current revenue funds 85% O&M and Debt Service, not Capital
- Rate of \$9.14 increases to \$9.69 per 100 ft<sup>3</sup> water
  - Effective May 1, 2019
- Typical family of 4 will pay \$4 more per month
- FY20 budget increases 6.7%
- Capital spending > \$300,000 for next 4 years
  - Interceptor & Siphon Replacement
  - Town Wharf Pump Station (TWPS) Rehab/Replacement
  - NPDES Permit Compliance (I & I)
  - Aeration System Replacement
  - Asset Management Plan
- Debt service expected to increase significantly in future
  - TWPS; Ipswich River Interceptor & Siphon; Collection System
- Support budget and stabilize surplus into future



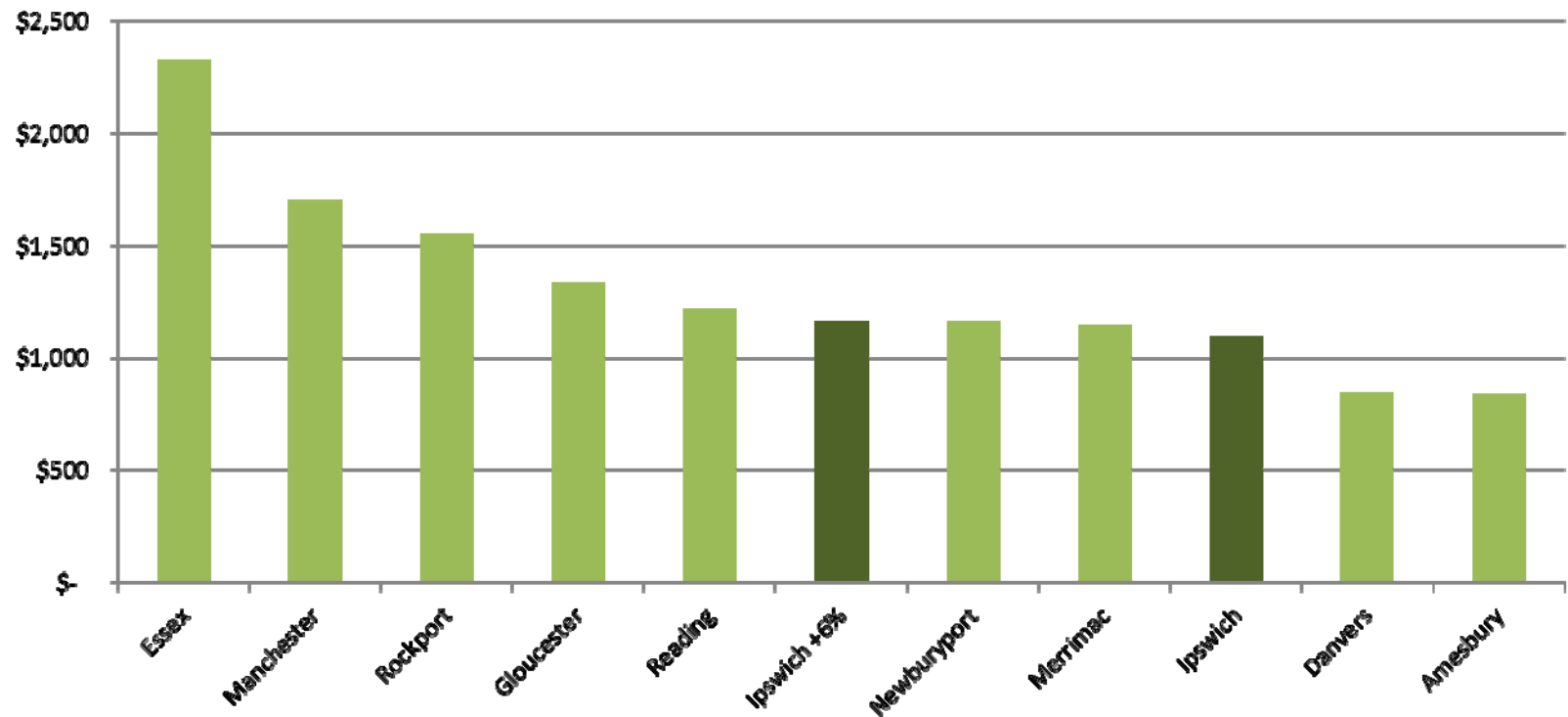
# FUTURE RATE INCREASES

## WASTEWATER



**\*Assumes \$8MM debt service borrowed FY21-FY23 (for 30 years)  
(Town Wharf Pump Station Replacement, Siphon/Interceptor Line Upgrades)**

# WASTEWATER RATE COMPARISON



Based on 12,000 cubic feet annual usage

# FINAL RECOMMENDATIONS

## Water Base Rate Increase

Effective May 1, 2019

**\$8.66**            **\$9.96 per 100 ft<sup>3</sup>**


## Water Residential Summer Rate

Effective May 1, 2019

**\$5.09**            **\$14.94 per 100 ft<sup>3</sup>**

## Wastewater Rate Increase

Effective May 1, 2019

**\$9.14**            **\$9.69 per 100 ft<sup>3</sup>**